



Regional Group Discusses Major Infrastructure Initiatives

On May 29, 2014, the regional Consumer Liaison Group (“CLG”), administered through grid operator ISO-New England, held a conference and panel discussion in Ogunquit, Maine. The CLG is designed to give large electric users, including commercial and industrial customers, information about issues affecting electric rates and access to policymakers. OCC’s own Joe Rosenthal is on the Coordinating Committee for the CLG.

The Maine conference focused heavily on the two major infrastructure proposals being considered for the region: (i) building new natural gas pipeline capacity into New England; (ii) and building transmission lines to access additional hydroelectric resources in Canada. Marianne Bonnard, a representative from the province of Quebec, and Carolyn O’Connor from HQUS, the Quebec electric utility, spoke in favor of the hydroelectric development, while the Chairman of the Maine PUC Thomas Welch spoke in favor of that development and of the gas pipeline proposal. Daniel Allegretti of Constellation delivered a cautious note on the potential perils of long-term contracting directed by government as opposed to market-based solutions, while Michael Stoddard of Efficiency Maine pointed out that energy efficiency measures can meet at least some of the perceived need. Comments from industrial consumers in the audience showed a clear preference for trying to develop new infrastructure, and particularly the new gas pipeline. As we heard at the Connecticut CLG meeting in March, industrial consumers are already in an electricity price crisis each winter. As a result, manufacturing plants are reducing shifts, shutting down in the winter, and considering relocation options.

OCC is strongly in favor of development of additional gas pipeline and hydroelectric infrastructure, so long as the projected benefits clearly outweigh the projected costs. The problems facing the region are multi-dimensional and are not captured in the revenue stream arising from any single market. For example, new gas pipeline infrastructure would help to reduce electricity prices, promote electric reliability, allow for more natural gas heating conversions, improve the environment, and preserve regional jobs. No market monetizes all of those benefits, and no market player would have the impetus to take on the huge financial and administrative burden of ensuring the build-out of new natural gas pipeline. And yet, the evidence from the past two winters shows quite clearly that we need it. Meanwhile, access to hydroelectric resources in Quebec would bring fuel diversity and a reliable, large source of renewable energy to the region. For this reason, OCC has been meeting and coordinating with the Department of Energy and Environmental Protection and others to promote additional infrastructure development into the region for the benefit of customers.